

Message Text

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ORIGIN L-03

INFO OCT-01 AF-06 ISO-00 EB-07 TRSE-00 ABF-01 FS-01 OMB-01

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R 131148Z MAR 76

FM SECSTATE WASHDC

TO AMEMBASSY DAR ES SALAAM

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E.O. 11652: N/A

TAGS: EINV, ETRD, TZ

SUBJECT: COMPENSATION FOR EXPROPRIATED U.S. PROPERTY:
CONVERTIBILITY PROBLEM

REFS: A) DAR ES SALAAM 774; B) STATE 50544

1. ON BASIS INFO AVAILABLE TO DEPT, WE ARE UNCLEAR WHY
CAPTAIN MAY CASE CONSTITUTES ANY EXTRAORDINARY "HARDSHIP"
AS COMPARED WITH OTHER EXPROPRIATION CASES. MAY IS EXPATRI-
ATE AMERICAN LIVING AND WORKING IN GREECE. HE WAS ABSENTEE
OWNER OF 27 OF GOMBERI ESTATE, WHICH HE INHERITED FROM
FATHER WHO FOUNDED THE AGRICULTURAL PROJECT IN 1903 ON A
GRANT FROM THE GERMAN ADMINISTRATION. REST OF ESTATE IS
OWNED BY GREEK-CITIZEN BROTHERS. IT IS DIFFICULT FOR US
TO EQUATE THIS SITUATION WITH USG ROLE IN REPATRIATION OF
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DESTITUTE AMERICANS.

2. WE ARE ALSO NOT PREPARED TO TAKE POSITION THAT SMALLER, MORE MANAGEABLE CASES NECESSARILY ARE "HARDSHIP" TYPE WARRANTING USG ROLE; SUCH CASES BY DEFINITION SHOULD BE EASIER TO SOLVE WITHOUT A USG ROLE BECOMING PART OF SETTLEMENT. LAST 2 SENTENCES PARA 2, PART B, REFTEL (A) UNDERSCORE DEPT'S CONCERN ABOUT USG TAKING RESPONSIBILITY FOR CONVERTIBILITY. SUCH ARRANGEMENT WOULD UNDERCUT USG POSITION THAT TANZANIA HAS OBLIGATION UNDER INTERNATIONAL LAW TO GIVE PROMPT

ADEQUATE, AND EFFECTIVE COMPENSATION. FOR PAYMENT TO BE "EFFECTIVE" IT MUST BE DOLLARS OR OTHER CONVERTIBLE CURRENCY, AND PROMPTNESS IS UNRELATED TO USG EXPENDITURES.

3. SINCE CASE IS SMALL AND MANAGEABLE, DEPT DOES NOT BELIEVE A DEPARTURE IS WARRANTED FROM POSITION OF REQUIRING RAPID PAYMENT TO MAY IN CONVERTIBLE CURRENCY. IN LIGHT OF SETTLEMENT NEGOTIATIONS ON OTHER EXPROPRIATION CASES IN TANZANIA, WE BELIEVE IT IS ALL THE MORE IMPORTANT TO ADOPT A CONSISTENT APPROACH FOR ALL THE CASES THAT TANZANIA MUST COMPENSATE PROMPTLY IN CONVERTIBLE CURRENCY. KISSINGER

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To: DAR ES SALAAM
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